FBIS DAILY REPORT

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MINISTERS MEET IN CARACAS, ISSUE COMMUNIQUE

PA231646 Hamburg DPA in Spanish 1606 GMT 23 Aug 87

[Quotation marks as received]

[Text] Caracas, 13 Aug (DPA) -- According to a decision mentioned in a communique issued in Caracas today, the next meeting of foreign ministers of Central America and the Contadora and Support Groups will be held in Managua on 17 September. This was an agreement reached by the foreign ministers who met in Caracas.

The communique reviewed the meeting of Central American foreign ministers held in San Salvador on 19 and 20 August, which created the executive commission to regulate, promote, and make feasible the implementation of the document referred to as the "Procedure To Establish a Firm and Lasting Peace in Central America," signed by the five Central American presidents on 7 August in Guatemala.

The 13 foreign ministers and the representatives of the OAS and the United Nations "reiterated their profound satisfaction over the agreement reached, a result of the political will of the Central American governments to resolve their differences through a dialogue and the respect for the legitimate interests of all the states."

Within this framework, the document added, the foreign ministers analyzed "the effects of the 'Guatemala procedure' in areas that involve the participation of the Contadora and Support Groups and the secretaries general of the OAS and the United Nations. At the end of the meeting they decided:

"To form an international commission for verification and follow-up mentioned in Paragraph 10, letter A of the 'Guatemala procedure.' To this effect they signed the pertinent installation document.

"Call for a meeting of ad-hoc representatives which will take place in Managua on 17 September to establish the way for carrying out the verification and follow-up procedures contained in the 'Guatemala procedure.'

"Regularly meet with the commission and accept the invitation by the UN secretary general for a meeting in December intended to analyze the progress in following the agreements of the 'Guatemala procedure.'

"The governments that make up the International Verification and Follow-up Commission will request in due course that the OAS and Un take part in the 'Guatemala procedure.'

The foreign ministers feel that "the important decisions made should be accompanied by improved social and economic conditions in the Central American countries."

Within this context, the foreign ministers decided to put into effect an international emergency program (technical and economic cooperation) for the five countries in the region.

NICARAGUA'S D'ESCOTO IN CARACAS FOR MEETING

PA222248 Havana International Service in Spanish 1600 GMT 22 Aug 87

[Text] Nicaraguan Foreign Minister Miguel D'Escoto has said in Caracas that his country expects the international verification and control commission to effectively supervise compliance with the accords signed by the Central American heads of state in Guatemala to bring peace to the region.

D'Escoto arrived in the Venezuelan capital to attend the weekend meeting of the Contadora and Support Group's and Central American foreign ministers and consider the steps for peace taken in Central America.

The Nicaraguan foreign minister said that the world must be aware of the steps being taken for the implementation of the Esquipulas II accords. He said that the United States has publicly said it does not want these accords to be complied with because it has its own plans for this region. D'Escoto reiterated that it is necessary to persuade Washington to respect the Latin American proples' sovereign will and desire for peace.

COMMENTARY ON MEXICAN-BRAZILIAN MEETING

PA221255 Havana International Service in Spanish 2300 GMT 21 Aug 87

["Our America" commentary read by Norberto Hernandez]

[Text] The great importance paid by all Latin American media to Brazilian President Jose Sarney's visit to Mexico has been underscored by the fact that both nations have reiterated an identical approach to resolving the main problems of the region. The diplomatic relations established between the two countries 162 years ago, in March 1825, have been strengthened. Bilateral ties have also been strengthened because of their interest in keeping in touch with each other.

A recent document released by the Mexican president, which examines the economic ties between the countries, states that in the filed of trade Mexico -- despite its economic problems -- has an advantage.

One must point out that between 1981 and 1985, bilateral trade totalled $4.983 billion. In that time period oil sales to Brazil accounted for 84 percent of all Mexican exports.

Even though oil accounts for a large share of Mexican exports to Brazil, the government of that country sold Mexico large quantities of products -- from seeds to cameras and industrial goods.

However, aside from bilateral economic relations, the current meeting between Presidents Jose Sarney and Miguel de la Madrid has emphasized an important problem that adversely affects both nations as well as Latin America in general -- the region's foreign debt. Both presidents agreed that the foreign debt cannot be paid at the expense of the economic development of Latin American countries.

Sarney said: Latin America cannot passively continue to pay for the economic and financial recovery of industrialized nations, while President Miguel de la Madrid said that Latin American integration today calls for common strategies.

After reviewing the social and political implications for the region resulting from the current backward tendencies, the Mexican and Brazilian presidents announced they would state their positions in international forums to contribute to the establishment of a new international economic order to replace the outdated postwar plan and to stimulate economic growth in developing countries.

Both countries agreed on programs to promote political dialogues, economic and financial cooperation, technical and scientific cooperation, and cultural and educational exchange. Both governments also agreed on matters regarding the Central American crisis, and they decided to support the agreement signed by the Central American presidents. They called for a rapid resolution of the conflict.

To summarize, one can say that the Mexican and Brazilian presidents put high priority on Latin American integration efforts. President Jose Sarney said in this regard that Mexico and Brazil, the two largest countries of the continent sharing the same problems and intentions in the region, have the biggest responsibilities in the integration process and that they are willing to take the necessary steps in that direction.

HOLGUIN PROVINCE AFFECTED BY SEVERE DROUGHT

FL210326 Havana Television Cubana in Spanish 0000 GMT 21 Aug 87

[Text] [Reporter] Comrade Vazquez, do you remember any other harvest, any other time in the 50 long years you have lived in this area when there has been a drought such as this one?

[Velazquez] Not like this one.

[Reporter] Have you ever seen cane in such poor conditions?

[Velazquez] The cane is very dry, I have never seen it so damaged.

[Reporter] The remarks made by peasant Jose Vazquez describe very accurately the critical situation existing in Holguin Province as a result of a drought unprecedented in over 4 decades. Vazquez' views expressed to this reporter in the Guatemala agro-industrial complex cane fields match the ones expressed by Gilberto Dominguez, vice president of the provincial government.

[Dominguez] The province's situation is currently critical. The amount of sugarcane available for upcoming harvests has dropped. Likewise, tuber and vegetable harvests have also been affected.

[Reporter] Water impounding capacities in Holguin are currently 44 times more than in January 1959. This unquestionable development, added to an effective emergency plan and an efficient effort made by the people from Holguin, prevent what could be today a provincial (?disaster) in terms of unavailability of water for all its uses. In the city of Holguin alone, there are 68,000 people who do not receive water from the aqueduct network system but from water tank trucks and wells which have been operating in the last 3 months.

Water supplies for sugarcane fields are at 17 percent of their regular volume and 12 percent for other types of harvest. This has resulted in a 659,000 quintals decrease in tuber sales; 65 percent of the plan. Some 424 caballerias of sugarcane were lost because of the lack of moisture in the soil. That is a quarter of what was planted this spring.

The dams used to supply water to the population -- Guirabo, Cacoyuguin, and Tacajo -- are 40 percent under their capacity level. Some 285 caballerias of grass were not planted because of the lack of water for livestock. Some 58,400 metric tons of fodder were not produced. There are 19,800 stabled head of cattle and 68,000 semistabled. Some 45,418 of them receive water brought by pipes from an average of 7 kilometers. The Holguin and Gibara cattle feed is cut and transported from an average of 35 kilometers.

The upcoming months of October and November are historically considered as rainy months in that region and everyone in Holguin is preparing to collect, save, and use efficiently the last drop of water. The images you can see at this time show the Gibara dam which is being prepared to join the province's emergency plan.

PERMANENT, INTEGRAL BRIGADES STUDIED

FL211759 Havana Radio Rebelde Network in Spanish 1700 GMT 20 Aug 87

[Station Commentary]

[Text] The program of the Communist Party of Cuba [PCC] approved by the Third Congress calls for a generalized creation of permanent brigades in the agricultural sector, and integral brigades [brigades integrales] in the other productive sectors, primarily in industry.

The integral and permanent brigades are made up of conscientiously organized groups that pursue a socially useful goal. These labor groups were first established in the 1981-85 5-year period as a new kind of brigade. They have unique organizational forms, collective moral and material incentives, and constitute the first link in the enterprises' chain of production.

An integral or permanent production brigade bases its function on the material and moral interests of the group of workers that comprise it, with each individual member being responsible for one part of a planned result that can be measured and controlled.

The group is self-directed within the sphere of the assigned task. The new type brigades differ substantially from the groups traditionally organized since the 1970's. The permanent and integral brigades are expected to develop into fully cohesive cooperatives, capable of exercising administrative functions in the areas of production and labor that will lead to the total democratization of the labor program.

The PCC program states that generalization of this new-type brigade will ensure a constant increase in production and labor productivity, payment for the final results of production, and increased efficiency of the enterprises.

Because they consolidate the material and moral interests of a worker's group and are based on having each member responsible for achieving planned, measurable, and controlled results, the integral and permanent brigades constitute a higher phase of labor organization.

DOMINICAN REPUBLIC

U.S., HAITIAN REFUGEES SEEK PROTECTION

FL221534 Santo Domingo Cadena Brea Pena in Spanish 1052 GMT 22 Aug 87

[Station Commentary: "The Question of the Refugees"]

[Text] Jean-Claude Duvalier's flight has not solved Haiti's political problems. A new situation emerges every day in our neighboring country and each new situation has an element of conflict.

Haiti's political fever was not caused by the Duvalier family but by social injustice, the abuse of power on the part of the dominant Haitian class, which as in many other countries on our continent and in other hemispheres has been able to create structures that permit it to apply the law of (?impunity).

Many of the political forces in Haiti, which fought against the Duvalier regime, have said that the National Government Council, created after Jean-Claude fled, was structured in such a way that it is not representative and does not guarantee any type of change within the Haitian state. It seems that time has proved this view.

Certain measures were taken initially that seemed directed toward the democratization of Haiti. This was why the Electoral Council was created and the new Constitution was approved. But after awhile, things were distorted in Haiti and as a result, the Electoral Council was virtually eliminated and fierce repression was carried out against the Haitian people who went to the streets demanding concrete steps for the establishment of an effective democracy.

As a result of the official repression and of the criminal action unleashed by some sectors in power, dozens of people have lost their lives in Haiti. To avoid persecution, many Haitians have decided to seek refuge in Dominican territory because it is the most accessible.

This is the case of 3 U.S. citizens and 28 Haitian children who last Friday crossed the border and sought protection in the district of Pedro Santana. The Dominican Foreign Secretariat says it is analyzing the situation based on the law of asylum and on diplomatic practice. The Armed Forces is also acting within its own sphere of action while the U.S. Embassy has assumed a veiled attitude. In the meantime, the 3 U.S. citizens and the 28 Haitian children should be provided all the protection they are entitled to receive against the persecution unleashed by Haitian authorities.

It is not a question of diplomacy or of international law; it is a matter of saving peoples' lives. It is a question of humanity and that should not be subject to discussion.

HAITI

ORGANIZATIONS ANNOUNCE 21 AUG MEETING

FL211659 Port-au-Prince Radio Lumiere Network in Creole 1330 GMT 20 Aug 87

[Text] We have a note addressed to the press issued jointly by several organizations. It says:

We members of committees in diverse sections of Port-au-Prince, upon seeing how the Macoutes and the provisional National Government Council [CNG] have united to sow division all over the country, have decided to hold a meeting to analyze the current ticklish situation's origin.

First, there is the division that exists among peasants. Second, there is the underhanded manuevering against the church's members. Third, there are the threats hanging over the heads of the defenders of the people within the church. Fourth, there is the Macoute military raid on the cathedral.

The meeting will also give us the opportunity to salute Father Aristide and other members of the clergy and true patriots, who light the way, who show how a gospel of light, love, and hope can illuminate the hearts of all the desperate people wandering around under the flames of Port-au-Prince's sun and sleeping under the stars.

This meeting will be held in the courtyard at Saint Jean Bosco tomorrow, Friday, 21 August, from 0600 to 1800.

That was a note addressed to the press, jointly issued by many organizations, among which are: the Fraternal Unity for Development Committee, the Haitian Workers Committee, the Autonomous Central of Haitian Workers, the Committee of Committed Young People of Saint Martin, [name indistinct], the Committee for the Organization of Cooperation, the Enough for Saint Martin Committee, the Christian Haitian Citizens Group, and others.

Many organizations signed this note inviting everyone -- all rational people, mass organizations, true patriots, and friends of God's people -- to attend tomorrow's meeting.

HUMAN RIGHTS ACTIVIST DESCRIBES 'DISMAL' SITUATION

FL212254 Bridgetown CANA in English 1636 GMT 21 Aug 87

[Text] Bridgetown, Barbados, Aug 21, CANA -- Haitian human rights activist, Jan Claude Bajeux, last night painted a dismal picture of the human rights situation in his country, with widespread military-led violence, and a revival of state terror tactics that characterised rule of the Duvalier dynasty which ended 18 months ago.

Bajeux, of the Haitian Civil Rights Institute, accused the country's military of trying to perpetuate itself in power, and of seeking to frustrate the wishes of the people.

His charges were made in a Caribbean Conference of Churches-sponsored regional radio programme, broadcast throughout the area by Canaradio, and in which CCC general secretary, Methodist minister, Allan Kirton, also participated.

Bajeux spoke of as many as 700 peasants being killed in strife and of soldiers shooting point-blank into a crowd of protestors, singing and dancing in the capital, Port-au-Prince.

In the last weeks, it has reached a level of violence not even seen in the last years of Jean Claude Duvalier...said Bajeux, comparing the present situation with that which existed in the final stages of rule by the last Haitian dictator, who was forced to flee the country in February last year.

He spoke of an apparent revival of the feared Tontons Macoutes, the paramilitary band of terrorists which Jean Claude's father, Francois "Papa Doc" Duvalier, unleashed against his opponents, and whose existence continued under his son's rule. The Tontons Macoutes disappeared from the landscape with Jean Claude Duvalier's departure. It seems that there is a kind of tendency for the military commanders to put alive again...the Tonton Macoutes in the countryside...said Bajeux, noting that this would, at least, partially explain the recent killing of peasants in rural Haiti.

Bajeux charged that the country's military-dominated Governing Council did not want the state to relinquish control of the electoral apparatus to an independent body, as was entrenched in the Constitution endorsed in a referendum earlier this year....They want to be able to manipulate the elections. The Constitution does not give them this capacity. So they tried through an electoral decree...which was blatently against the Constitution...Said Bajeux.

Everything appears as if the military does not want regular elections, or regular electoral campaign, and they are doing everything to discourage the people (from voting)...he added.

The military wants to continue with Duvalierism, to continue to protect themselves and their friends from the democratic judgement of the people, he declared.

Bajeux, who after 23 years in exile, returned to Haiti, with last year's downfall of Jean Claude Duvalier, insisted that despite the high level of illiteracy and under-development there, the people wanted, and were ready for democratic changes. He spoke of finding a high level of consciousness among the people, and cited popular participation in radio programmes during the recent discussion on the Constitution for the country.

We have to underline the fact that the Haitian people as a whole want a democratic system. They are for human rights. They want respect for their rights...Bajeux said. But Bajeux said he feared that the Haitian people were being deliberately terrorised by the country's rulers to force them to stay away from the polls when the elections are held....people are afraid. There is a kind of rampant terror in the country...people are afraid to go out at night. They are afraid to go in the streets alone. They are afraid to go outside in the countryside, he said.

He disclosed that a committee of 57 organisations has been established to try to pressure the government to offer some kind of gestures that would create a climate of trust in the country that would, in turn, be conducive to a normal electoral campaign.

If not, we fear we could have the same kind of election we had on the 19th of October last year when they elected the people to write the Constitution: Only four per cent of the population went to vote, Bajeux declared. He warned that a repetition in the general elections would be a catastrophe for Haiti.

On Haiti's foreign relations, Bajeux said he could not discern any specific foreign policy being pursued by the country's rulers at this time, except measures designed to ensure continued American support.

A new Haitian government, Bajeux added, would, as a priority, have to try to open lines of communication with Caribbean community and other governments, so Haiti could get out from the cold.

BRAZIL'S SARNEY GIVES PRESS CONFERENCE

PY201240 Brasilia Radio Nacional da Amazonia Network in Portuguese 1643 GMT 19 Aug 87

[Press conference by Brazilian President Jose Sarney from Carranza Hall at Los Pinos Palace, Mexico City; questions by Brazilian reporters and Sarney's remarks in Portuguese with consecutive translations into Spanish; English translation of Brazilian reporters' and Sarney's remarks is prepared from the Portuguese -- live]

[Text] [Sarney] First, I want to thank the Mexican media -- the press, radio, and television -- for covering my visit to Mexico. This will certainly contribute to helping the Mexican people learn more about Brazil and to the strengthening of our relations.

I also want to thank Brazilian reporters who have accompanied me on this trip, and who have informed the Brazilian people about the Brazilian president's work.

I consider this visit to Mexico a historic stage in our relations. This is not a visit to solve specific problems, but rather a visit to establish a change in the course of our relations, so as to help Brazil and Mexico resume the necessary dynamism of their role in the Latin American integration process.

The combined populations of Brazil and Mexico amount to more than half of Latin America's population. Moreover, our gross domestic product represents more than half that of Latin America. This gives our two countries a great responsibility in the Latin American integration process.

Brazil and Mexico have great similarities regarding their economic interests, and regarding the chararacteristics of Brazilian and Mexican citizens. Both peoples have their own cultural identity, which is reflected in their addiction -- almost mystic devotion -- to their music, their paintings, their literature, their dance, their desire for participation and freedom, and their rejection of all forms of dependency.

You will soon receive a document that reflects our work over the past few days. It is the communique describing our decisions. Since we have very limited time, and since you will have access to this document, I am not going to repeat its content. I want to conclude by saying that our countries, Brazil and Mexico, have great responsibilities in the future of modern Latin America. And if we have responsibility, we must also have the courage to make decisions whenever necessary.

I do not know if you have this saying here, but I have heard it in Argentina, and it explains how to fulfill a responsibility. If you are going to a dance, you have to dance. [preceding sentence in Spanish -- si vamos al baile, tenemos que bailar, meaning roughly: if you start something, finish it]

[Announcer] If you agree, President Sarney, we will alternately have a Mexican and a Brazilian journalist ask you questions. We will begin with Mr Victor Manuel Suarez from the Mexican newspaper UNOMASUNO.

[Suarez] Good morning, Mr President. You have said that the Latin American foreign debt is like a (?gordian knot). In this regard, I would like to know if this problem will not become more intricate with the positions adopted by the bankers, basically the Bank of Tokyo, which has declared Brazil in default and will cancel its credits on exports. Mr President, the Mexican president has said that the foreign debt and foreign trade are two closely related problems. The developed countries are harassing us to repay credits, while at the same time imposing protectionist barriers, which make repayments impossible. Will Brazil change its (?policy) regarding the foreign debt issue?

[Sarney -- first part of response covered by translation of question] ... where I said the debt is unique as compared to other countries. I would like to say that a debt is a debt and small countries have smaller debts while large countries have larger ones. Overall the debt is perverse and intricate in nature and is beyond immediate agreements. Considering the volume of the Latin American debt, it is impossible for our nations to consistently and constantly implement development programs.

Thus, I have always said the foreign debt issue has two sides: the first one being the political side, concerning the responsibility of the creditor nations; and the second being the financial side, concerning the relationship between creditor and debtor nations.

[Announcer] Journalist Roberto Reis de Estefanelli for O GLOBO.

[Reis de Estefanelli] Mr President, you are visiting a country which has recently renegotiated its foreign debt based on IMF guidelines. It seems that Mexico went to the dance and is now dancing to the tune of high unemployment rates. But Brazil seems to have a recipe for bankers. It will propose a negative spread [preceding word in English] of 2.5 percent, which represents a 5-percent decrease of the foreign debt. An alternate proposal would be to convert the debt into equity. My first question is: Isn't the proposal to the bankers slightly utopian? My second question is: Will the conversion of the debt into equity be approved by the National Congress or will it merely be approved with a Central Bank resolution?

[Sarney] Would you please repeat the second part of your question?

[Reis de Estafanelli] I am asking if the conversion of the debt into equity will be approved by the National Congress or [words indistinct] if it will merely be approved with a Central Bank resolution.

[Sarney] Each country must negotiate its foreign debt in accordance with its own interests. Thus, Mexico negotiated its debt in a sovereign manner in accordance with its own interests. But Mexico can still discuss the overall issue of the debt within the Latin American context. Mexico is still unite with all Latin American countries, always analyzing and assessing the debt problem. Brazil will begin its debt negotiations in September.

We have already adopted some specific measures in this regard. One of them is that we will first negotiate with the bankers. We will not start the negotiations on the Brazilian foreign debt by negotiating first with international organizations. We will first negotiate with bankers. We will not go to the IMF first and then negotiate with the bankers. This is a decision that the Brazilian Government has already adopted. It is a very coherent position which we have upheld from the very beginning.

To answer your question about the conversion of the foreign debt into equity, I will say that this is something we are discussing and it is an alternative we will use because it is favorable to debtor countries. Moreover, this alternative to convert the foreign debt into equity cannot lead to the denationalization of our economies. We will have to have guidelines to avoid this, and these measures will be issued at the proper time and in keeping with out country's interests.

[Announcer] Journalist Salvador Martinez from the Mexican newspaper EXCELSIOR.

[Salvador Martinez] I would like to ask you two questions. The first concerns a report published in today's newspapers which states that Nicaraguan Vice President Sergio Ramirez has called a meeting of Latin American oil ministers. What will be Brazil's reaction to this call and what do you expect will be the reaction of the Group of Eight and that of the Contadora Group and the Contadora Support Group? My second question concerns the foreign debt. There is talk that the debt might be converted into equity and that the payment of the foreign debt and the servicing of the foreign debt might be based on real terms and not nominal terms; that is, to place the debt on the capital market at 60 percent of its real value so that debtor countries can pay their debts. Thank You.

[Sarney] We have discussed the problem regarding aid to Nicaragua with several presidents. We had the opportunity of discussing the issue with [Uruguayan] President Sanguinetti; with President Alfonsin and we also discussed this issue to some extent with President de la Madrid. We are willing to aid Nicaragua, and we have granted economic assistance to Nicaragua. Brazil has granted economic aid to Nicaragua since the very moment the Nicaraguan Revolutionary Government took power. Our goal now is for Western European countries, which are in a better financial sitation than Latin American countries and which have verbally expressed a favorable attitude toward Central America, to participate more effectively and to grant economic aid to Nicaragua. We are always urging these countries to practice what they preach.

As for the conversion of the debt into equity based on market prices, this is a logical position which we are now adopting. During the first meetings on the foreign debt after I became president, I was told the debt was a political issue. But my interlocutors in creditor countries told me the foreign debt had no political connotations, that it was a market issue and that, therefore, we had to negotiate with the financial world. Today we continue to maintain that the foreign debt has a political side but that if indeed it is a market issue, we have the right to participate in this market issue. If the foreign debt can be decreased through discounts, if it has a market value, we must be allowed to take advantage of these discounts.

[Announcer] Journalist Denise (Maduenho) from Manchete Television.

[Denise (Maduenho)] Mr President, speaking in the Mexican Congress, you defended the presidential system. In Brazil the constitutional draft proposes a parliamentary system. How do you view this, and what attitude will you adopt so that the Brazilian Constitution will establish a presidential system of government?

[Sarney] I will not discuss issues regarding Brazilian domestic policy here in Mexico City because it would be disrespectful to the Mexicans. But I want to add that yesterday, I addressed the Mexican Congress and told them the presidential system, as it has been implemented here in Mexico, has granted Mexico 60 years of stable government. This is the meaning of what I said. I addressed the Mexican Congress regarding a Mexican issue; I did not assume a philosophical or doctrinary position regarding an issue being discussed in Brazil. Moreover, I was not using the podium of the Mexican Congress to discuss a Brazilian issue or to give a message to Brazil.

[Announcer] Journalist Humberto Mares from (?n VISION)

[Humberto Mares] Good Afternoon, Mr President. I also want to talk about the foreign debt. It has been said that each country will negotiate its foreign debt in keeping with its domestic situation. It has also been said that excessive protectionism impedes countries from developing and therefore, they cannot pay their foreign debt. If the international situation continues to be plagued by excessive protectionism, and high interest rates, what is the alternative available for countries like Mexico and Brazil, which have a huge foreign debt? Have you ever thought of renegotiating the foreign debt of Latin American countries as one bloc or as a region?

[Sarney] The foreign debt has not only impeded development it also has had other terrible repercussions on Latin American countries. The foreign debt has had a desintegrating effect on our continent. Why is this? Because all Latin American countries are debtor countries, and they were compelled to implement a certain kind of policy. What kind of policy was this? It was a policy of restricting imports and increasing exports. This resulted in a decrease of bilateral trade. For example, our trade with Mexico, which once totalled $1.3 billion, today totals $300 million. What is the reason for this? It is actually because of the foreign debt issue, since all of us were forced to implement a policy of restricting imports and increasing exports. When we were forced to increase exports, we suddenly had to confront the protectionist barriers of developed countries, which inhibit our trade, and prevent it from acquiring dynamic characteristics. For example, Brazil has about $2 billion in its export balance with the United States. This sum is subject to disputes of a commercial nature.

We had two investigations under Trade Law No 301, one concerning computers and one concerning the pharmaceutical industry. Therefore, while on one hand the decrease of imports impedes us from achieving development, on the other hand, there are no proper conditions in which to expand our trade with developed countries in view of the protectionist system of the developed countries. This means the only solution is to change the international economic order. Brazil has been promoting this change and I had the chance to address the issue in the speech I delivered at the United Nations in 1985.

I want to add that another formula we have explored, and must continue to explore, is the achievement of Latin American integration. For example, in its trade with Argentina, Brazil was experiencing the same situation it was confronting in its bilateral trade with Mexico.

But through integration agreements, we have managed to double our trade with Argentina in only 1 year. The same thing was happening with Uruguay. This is exactly why we are here in Mexico today -- to try to achieve this objective. Because the purpose of achieving integration is self-defense.

If we continue to implement this policy, we will be able to establish an integrated economy in Latin America. We must establish a Latin American common market. Until now we have not been able to enjoy this aspect of a modern economy.

[Reporter] Finance Minister Bresser Pereira has said here in Mexico that the agreements reached by Argentina, Mexico, and the Philippines are bad examples for Brazil. I believe this statement caused some annoyance in Brazilian diplomatic circles. Do you agree or disagree with the finance minister?

[Sarney] I believe that in this case there was a translation problem, a problem of language. What he meant to say is what we have always maintained; that is, that each country negotiates its foreign debt in keeping with its own interests. Therefore, perhaps the way the Philippines and Argentina negotiated their foreign debt is not suitable for Brazil. But in saying this we are not criticizing the negotiations in these countries. As I have already said, this is because these negotiations vary according to circumstances. However, the overall foreign debt issue is still unresolved. It is in this regard, that all of our countries, the Philippines, Argentina, and Mexico, are confronting the same critical situation that Brazil is now facing.

[Reporter] It seems that good faith does not prevail in international situations at this time. The efforts by the Contadora Group and Guatemala have so far not succeeded in changing the U.S. position. How do you view the Central American situation, taking into account the fact that there will soon be elections in Mexico and the United States?

[Sarney] I believe the Central American problem was for a while close to breaking down -- to a solution by force. Then the Contadora Group was created as Latin American mechanism to relieve tensions. When Contadora went into a period of dormancy, Brazil encouraged the creation of the Contadora Support Group to pull the Contadora Group out of that dormancy, which was not helping the cause of a lasting peace in Central America.

Now, in a pleasant surprise for us, the five Presidents of the Central American countries reached an agreement on some points which could lead to negotiations to ensure for Central America the peace we have been seeking since the Contadora Group came into being.

We know these negotiations will not be easy. But the meeting of the five Presidents represents a new and promising step. We, the presidents of the Group of Eight are willing to contribute to the efforts by those five countries to find a solution.

By the way, I asked a similar question before, and I said -- and I believe the same thing is being said here in Mexico -- that the trouble lies in the details. On the basis of what the five Central American Presidents decided, we must now try to keep those details from derailing the final negotiations.

[Reporter] It is said here in Mexico that the devil can sometimes cause havoc with the details. I just want to say that the meeting of the five presidents can keep the devil out of this affair.

[Announcer] The 30 minutes President Sarney had scheduled for this conference are over, we will ask our colleague Alvario Pereira from [name indistinct] to ask the final question.

[Pereira] In November, you will participate here in Mexico City in a meeting of the so-called Group of Eight, which includes the Presidents of eight Latin American countries. I would like to know what you expect, specifically, from that meeting, and whether Brazil will bring any specific proposal.

[Sarney] I believe the Mexico City meeting in November will be historic and extremely important meeting. It will be a mature forum of the presidents of the Rio de Janeiro Group of Eight, a forum Latin America has not had for some time. Let me recall that the last meeting of the presidents of the Americas took place 20 years ago. That meeting was held in Punta del Este at the initiative of U.S. President Lyndon Johnson. An earlier presidential meeting took place in Panama 10 years before at the request of U.S. President Dwight Eisenhower.

We have now set up an exclusively Latin American forum at the initiative of the presidents of this region to deal with the problems of the region. I believe this forum will be just as important as any presidential forum in the world. We will have to give some thought to the format and agenda of this forum because all the presidents who will participate believe the meeting must not turn out to be just a rhetorical exercise.

We must make hard decisions and take positions that can be gradually carried out. This is the spirit of the summit, a mature and realistic spirit, a spirit of unity.

I cannot, therefore, anticipate any proposal we will bring. To do so would be to put the cart before the horse. It would be a mistake to talk before our foreign ministers have a chance to weigh and work out the issues. I believe it will be a meeting of presidents who have experience dealing with the issues, and who have the maturity to propose solutions.

Before closing this press conference, I would like to say that it would be unfair not to publicly state here in Mexico that the November presidential meeting is possible only because of the perseverance of President Miguel de la Madrid, who came up with the idea and who gathered the support to make it a reality. He promoted the idea and it is only fair that we should give him this recognition here in Mexico City. Thank you very much.

CONTRA LEADERS ACCEPT DUARTE PROPOSAL

PA221936 San Salvador LA PRENSA GRAFICA in Spanish 22 Aug 87 p 5

[Report on 'text' of communique issued by the Nicaraguan Resistance, RN, leaders in San Salvador on 21 August]

[Excerpt] The RN leaders, known as "contras," reported yesterday that they had accepted the peace plan for Central America.

After a 5-hour meeting between Salvadoran President Jose Napoleon Duarte and the "contras," the following communique was issued:

"Acting with responsibility and a commitment to peace, and based on the spirit of patriotism, the RN accepted the invitation by President Jose Napoleon Duarte. The RN accepts the historic challenge of struggling for democracy in our country in view of the opportunities and possibilities which the Esquipulas II agreement is offering.

"Based on our commitment to democracy, with this public statement we hereby accept in good faith the peace plan issued by the Central American presidents.

"We express our political commitment to begin a direct dialogue with the Sandinist regime, as this dialogue could lead to a cease-fire.

"Toward that goal, we propose that the top-level dialogue between the RN and the Sandinist regime begin in Managua on 15 September, a date which President Duarte has proposed.

"We are fully convinced that without the RN's political and military actions it would be very difficult to objectively interpret the positive conclusion of the Eaquipulas II meeting as the possibility for peace and reconciliation which seems to be opening up in the future of Central America.

"The experiences of noncompliance to commitments made by the Sandinist regime, especially with regard to the resolutions of the 17th foreign ministers' consultation meeting of the OAS, cannot go unnoticed.

"We want peace but never at the expense of our liberty," concludes the communique.

It is signed by Maria Azucena Ferrey, Pedro Joaquin Chamorro, Adolfo Calero, Aristides Sanchez, and Alfonso Robelo. [passage omitted]

DUARTE ON TRIPS ABROAD, PEACE DIALOGUE, CONTRAS

PA211735 San Salvador Canal Doce Television in Spanish 0200 GMT 21 Aug 87

[Report by Alfredo Villareal -- passages within quotation marks recorded]

[Excerpts] In accordance with the Constitution, President Jose Napoleon Duarte went to the Legislative Assembly to personally reiterate his request to leave the country whenever he deems advisable.

His trips abroad would be limited to Central America, Panama, and the United States. His request was approved thanks to the votes of the 33 PDC [Christian Democratic Party] deputies and will take place next year. According to Duarte, these tours abroad will be in support of regional peace initiatives and to maintain permanent contact with the Reagan administration. [passage omitted]

After having his request approved, President Duarte held a news conference in which he reiterated his willingness to wait until 30 August for an official reply from the FMLN-FDR on holding a third dialogue meeting in September.

[Duarte] "If they do not accept it, they are rejecting peace and they are rejecting the solutions presented by the five presidents. They are breaking the commitment that the Central American peoples are asking from everyone so that there will be peace in Central America."

Reporting on the meeting he will hold with leaders of the Nicaraguan contras in the presidential house on Friday, Duarte said it is part of his effort for peace and dialogue with the opposition groups, adding that it is something the Sandinist government should do.

[Duarte] [Words indistinct] would be good if President Ortega were to call the members of the FMLN to tell them that they should accept the peace plan and agree to join the democratic process, abandon violence, accept the amnesty and cease-fire and in this way achieve peace in El Salvador."

Regarding the charge about the use of Salvadoran territory to support the anti-Sandinist rebels, Duarte said that if there was any support it was sporadic and was not part of the national government's policy.

CEREZO ON ECONOMY, GOVERNMENT'S GOALS

PA200430 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 17 Aug 87

[Speech by President Vinicio Cerezo; date and place not given; live or recorded -- broadcast in progress]

[Excerpts] ...on various occasions. You must remember that there was constant discussion about economic reorganization, which meant to straighten things out in the national economy. Mistakes had been made for some years. We should remember these mistakes or we will not realize how the country's economic development is progressing and how we are correcting some of the things we had to correct -- with the help of all Guatemalans -- to benefit the people.

Our administration took power when the country was experiencing high inflation. What does this mean? It means prices had reached unprecedented levels because of currency devaluation. You remember the exchange rate for the dollar was 4 quetzales. Therefore, if you wanted to buy an imported item you had to pay 4 quetzales to buy something from abroad worth $1. Everything had become more expensive because of the constant devaluation of the Guatemalan currency. The monetary reserves of all the Guatemalans had been depleted. We did not have money to purchase gasoline; you must remember the long lines at gasoline stations. [passage omitted]

In short, there were many economic problems. In general, all of the country's money was spent on paying the petroleum bill; sometimes we had difficulties in paying it, which is why the oil tankers were delayed, causing problems with gasoline distribution.

We must not forget the problems we had in the interior. There was no money to buy fertilizer and insecticide, because their prices had increased so much. The farmers had many production problems. What happened? Guatemalan production decreased along with sources of employment. Very grave problems were suffered by the small farmers who bring produce to market daily for the Guatemalan residents.

We had a large number of economic problems because of the Central American regional problems and because of some bad decisions in the past. This had led to what was termed the Guatemalan economic crisis -- unemployment, increase in the cost of living, and even difficulties in obtaining things. We have to admit that sometimes, even if we had to pay a little more for something like a medicine, we would not mind paying more for it if it were at least available in the market. However, there used to be a shortage in the markets. The government could hardly operate because it was unable to find spare parts. Many truck drivers stopped working because there were no tires or spare parts. In short, we were experiencing a truly national crisis derived from all the political and economic problems Guatemala had suffered as a result of many things that it would not be worthwhile to recall right now.

My dear friends, the important thing is that after 19 months of democratic government, it seems as though those things had never occurred in Guatemala. The situation is completely changed. We go to a supermarket and find it filled with products. [passage omitted] There are products to buy. There are supplies. There is gasoline. Above all, the quetzal, formerly worth 4 to the dollar, is now worth 2.50 and has stabilized. The national economy has begun to stabilize. Perhaps it is good that Guatemalans know we are the only country in Latin America which has been able to revalue its currency, to lower its exchange rate against the dollar.

This has been achieved because Guatemala is a great country. We have resources and if we act correctly we are going to push the nation forward. We are working well. We brought order to the situation. People used to tell me: Mr President, you must lower prices, but I used to tell them: Listen, I cannot lower them yet, but we are going to stabilize prices, we are going to prevent an increase in the cost of living. As we continue producing and providing supplies, the cost of living will begin to decrease. Of course, we cannot go back to how things were in 1982. All over the world, in all the countries, there has been an increase in the cost of living because the world economic situation is truly difficult. [passage omitted]

Guatemala is definitely in a better position to move ahead. We are also becoming politically stabilized. Because we are also concerned about those sectors of the country which had always been abandoned and forgotten in the economic development, the people are beginning to have more confidence in the democratization process. However, as we have stated, we are going step by step. That means one step now, another step later, to continue advancing for the benefit of all Guatemalans.

First, we had the economic reorganization. Now we must begin with the economic revitalization. As I was saying, the economic reorganization was carried out particularly by stabilizing prices and the cost of living to prevent them from continuing to climb; by keeping the market supplied so there would be products to purchase and to live; by lowering the price of our national currency from 4 to 2.5 [quetzales to the dollar] and to keep it stable; and, in addition, my dear friends, by creating more jobs. Most Guatemalans who found jobs this year in the construction industry, in the countryside, and in the government were able to find them because the nation's economy is again moving. However, we must speed it up a bit more. There are still many Guatemalans in need of jobs, and we must create those jobs, not in the government but in the overall economic system. [passage omitted]

We must begin to work so that all the sectors in the Guatemalan economy become part of our national economy, not only as laborers or workers, but as members of this nation, as human beings who deserve our respect and our love. We must take another step forward concerning the payment of our social debt with the people. Allow me to tell you that social debt does not mean that a sector of the society must necessarily owe something to another sector. No. Those of us who have received some of the benefits derived from Guatemala's resources must give part of what we have to benefit all the others. That is why we have been talking about tax reforms.

You must have heard a lot of discussions on tax reforms. My dear friends, tax reforms do not simply mean an increase in taxes, quite the contrary, the government of the Republic must get the money that it will spend to improve all the Guatemalans' living conditions without specifically affecting the middle class or the poor sectors -- which have begun to find jobs. That is why we do not talk about increasing taxes; we talk about reforming the taxes we already have to achieve important goals -- and just taxes are a priority goal. What does this mean? This means that if I earn a bit more, I pay a bit more in taxes. The indirect taxes, such as the IVA [Value Added Tax], are paid by everyone regardless of their income; but the direct taxes, such as the income tax, are paid in accordance with your income -- whoever earns more, pays more, and whoever earns less, pays less. Furthermore, some people who earn a small amount do not pay a single centavo; that is what we are going to do with the tax reforms.

When we talk about reforming the taxes we say: A person who earns more than a certain amount in millions of quetzales per year must pay a little bit more -- not because he will be forced to do it but because he has a moral pledge with the people of Guatemala who had never had an oppotunity. Those who earn a small income -- or at least not much -- will have to pay nothing -- or practically nothing.

You may recall that under the old income tax system the people who had a net income of 5,000 quetzales a year also had to pay income tax. These are the public employees, general managers, executive officials, and all those who have been affected by the cost of living. We want to raise that figure from 5,000 to 15,000 quetzales. In other words, those who earn more than 15,000 quetzales per year will have to pay some income tax, but those who had a net income of less than 15,000 quetzales per year -- meaning those who earn under 1,000 quetzales per month -- will not have to pay income tax because they have been affected by the cost of living. These are definitely the majority of Guatemala's citizens. However, those of us who earn more than 15,000 quetzales per year must pay a little bit more to contribute to the other citizens' economic development. [passage omitted]

We have decided to implement a customs services tax since we provide services to all the businessmen, importers, and exporters in Guatemala who import and export more than 5 billion quetzales' worth of merchandise. We currently charge nothing for those services. Since we will be improving these services, we will modify the customs facilities, and resolve the people's problems by installing computers, we want to implement a 3-percent import services tax and a 2-percent export services tax -- it is really nothing because we are going to unify the national currency's exchange rate. People who previously paid 2.70, 3.00, and 4.00 quetzales for 1 dollar will now pay only 2.50. Consequently, my dear friends, a 2-centavo tax on each quetzal is practically nothing, and we will be able to support the country's economy.

My dear friends, we have sought solutions which do not affect our cost of living, and if anyone begins to spread the rumor that the new taxes will increase the cost of living and that the new taxes will increase product prices, he is telling a lie. The truth -- and the president always tells you the truth -- is that if anyone increases product prices he simply wants to speculate with the people's needs. We definitely need more money to work and benefit those who have nothing, those who need a job, and those who have something and want to reactivate the national economy. However, if we request something from the nation, we must naturally pledge ourselves with the nation.

What is the government's pledge to the people? First, you will have an honest and truthful government. You know the president would never steal a centavo. People sometimes spread rumors that we want to benefit from this, but the truth always prevails -- that is why I never worry about this. The ministers are honest, and the deputy ministers are also honest. Due to poor administration we have corruption problems in some low-level sectors of the government, but we are correcting them. Once we reform the administrative activities -- which is our pledge -- we will correct those small corruption problems which sometimes involve government officials, or private sector representatives who bribe the government officials.

We must all struggle to correct this problem.

Furthermore, the government pledges that -- following these tax reforms to collect more funds without burdening the people -- we will establish a fiscal agreement with the nation. We will not have a single additional tax in the remaining 3 and 1/2 years of my administration. We must give economic stability to the nation so that the businessmen who want to contribute toward Guatemala's development may continue to invest, knowing that the government will not enforce a single additional tax. The budget will increase to the extent that investments and the national economy's development grow. We also pledged to save government funds; this year we pledge to save 60 million quetzales in expenses throughout the republic as proof that our efficiency and authority will definitely allow us to deserve the trust of the Guatemalan people -- who want to contribute with their centavos, with their money to attain the development of our national economy.

However, we will also reorganize the public administration to optimize the use of our resources. We particularly pledge, my dear friends, to report where the money has been spent. The pact of a democracy implies that citizens who have money will pay their taxes and thus contribute to everyone's benefit. However, they have the right to know how the taxes are spent. We need better organization, participation in the implementation of projects, participation and support of the people -- as explained in the national organization plan -- so that all the citizens, all the Guatemalan sectors -- workers, businessman, and political parties -- may learn how the Guatemalan people's money is used for the Guatemalan people's beneift.

The revenues will not be used for the president's or the ministers' benefit. No, sir! We will spend the money in building roads, improving the streets in our cities, installing potable water systems for Guatemala City's inhabitants, improving the people's education and health, and carrying out all the projects included in the national reorganization program. We need a fiscal pact, to encourage the economic contributions of those who have money. This creates a feeling of national unity because everyone must give his share to attain Guatemala's development. Those who can only contribute with their work must work with efficiency and honesty; those who have more money must exert themselves -- but must also make economic contributions. Those who work for the government must be honest and work for the nation; those who are in charge of our security must give security and protection to the Guatemalan people.

We must work together to attain Guatemala's development. That is the pact we propose to Guatemala, trying to prevent sacrifices and seeking to attain benefits. However, this modernization is a challenge. Some traditional businessmen always refused to pay taxes in the past. I have talked with all the sectors and I must tell you that since I have proved that there will no more taxes, that we will justly enforce all the measures and collect more revenues, everyone has said -- including the news media -- that we must improve our tax collection system. That is what the tax reforms seek to attain. We must improve the tax collection system so that those who did not pay taxes, even though they could, may now go and pay their taxes. The IVA is many times collected but not paid; everyone will abide by the law with the reforms. If we abide by the law, we will be able to coexist in peace; the government will play its role and everyone will help the government develop our democracy. Consequently, my dear friends, the modern businessmen, the modern workers, and all the citizens of Guatemala who want a democracy will definitely work together and fulfill our duty toward the nation. We will be able to attain progress in Guatemala if we join our efforts.

ECONOMY MINISTER EXPLAINS USSR TRADE PROPOSAL

PA210447 San Pedro Sula TIEMPO in Spanish 18 Aug 87 p 5

[Excerpts] Tegucigalpa -- According to the draft trade treaty the commission has taken to Moscow today, Honduras desires friendly relations with the USSR, based on respect for the principles of independence and national sovereignty.

As of yesterday, six people had confirmed their participation in the delegation led by Economy Minister Reginaldo Panting. According to this official, there were businessmen who, at the last minute, said they wished to go along.

This is the first time an official government mission will travel to the largest socialist power in the world. This visit is the second contact between officials of the two countries. [passage omitted]

Reginaldo Panting said yesterday that everything is ready for the Honduran delegation to leave today and to get into close contact with Soviet foreign trade officials.

According to the missions draft decree, Honduras and the USSR open the exchange "with a desire to strengthen friendly relations and increase trade and economic relations, based on respect for the principles of independence and national sovereignty, noninterference in each other's internal affairs, equal rights, and mutual benefits."

The draft states that "the sides will encourage trade development and diversification," with both countries "agreeing to grant reciprocally and unconditionally most favored nation status regarding all forms of customs duties and surcharges, consular fees, and all types of taxes which could be applied."

Honduras proposes that "payments should be made with freely convertible exchange," in other words in hard currencies, preferably dollars, although the Honduran economy minister did not rule out the possibility of barter.

Dr Panting visited President Jose Azcona yesterday at the presidential palace to inform the president about the trip. Panting will be accompanied by Edwin Rosenthal Oliva, representing the industrialists; Osman Maduro, representing the coffee producers; Emin Abufele, from the industrial and commercial sector; Israel Echeverria, of HONDU-PALMA; and Dennis Castro, commercial attache in Costa Rica.

In accordance with the draft treaty, the Honduran trade mission, which will meet with USSR foreign trade officials for 4 days, will offer coffee, sugar, bananas, lumber, tobacco, beans, and rice.

Honduras is primarily interested in acquiring raw materials, Dr Panting noted, and added that, in principle, trade relations could begin at approximately $20 million.

Panting said that U.S. AID Director John Sanbrailo has not shown any unhappiness over the government's idea of starting trade ties with the Soviets.

Panting said "I have not heard a single sector which has spoken out against" this interest of the Honduran Government.

Economy 'Might Suffer'

PA200110 San Pedro Sula TIEMPO in Spanish 18 Aug 87 p 5

[Text] Andres Victor Artiles, secretary general of the Honduran Workers Confederation, yesterday said the establishment of trade relations with the Soviet bloc might affect Honduras' balance of payments because of the high freight rates that would be required.

Artiles said that if Honduras can sell its surplus production to the USSR at a good price and at the same time buy raw materials and machinery for the country's development at a fair price, trade relations might be profitable. Otherwise, "our balance of payments might suffer to the detriment of our weak national economy."

He said that "the farther the market the more our balance of payments will be affected because of the high freight and insurance costs, which are not in Honduran hands."

Artiles said there are few possibilities that trade with the Soviet bloc will benefit Honduras economically "unless we could take the maximum advantages of our natural resources producing more, but with the guarantee that our production will be bought at a fair price. Otherwise, we would be taking the risk of depending on the buyer's whims."

Artiles suggests that the government carefully analyze the visit by the Honduran delegation to the USSR to determine whether or not it is advisable to establish trade relations with the socialist countries.

BRIEFS

AMBASSADORIAL APPOINTMENTS -- Colonel Jose Mario Maldonado Munoz, former Honduran ambassador the the United Nations in Geneva, has returned to the country. The Foreign Ministry has confirmed that Maldonado Munoz' next appointment will be as Honduran ambassador to El Salvador. Jose Enrique Mejia has been appointed to replace Maldonado Munoz as ambassador to the United Nations in Geneva, Switzerland. [Summary] [Tegucigalpa Cadena Audio Video in Spanish 1130 GMT 18 Aug 87 PA]

ORTEGA CALLS FOR UNCONDITIONAL TALKS WITH U.S.

PA221314 Managua Radio Sandino in Spanish 1226 GMT 22 Aug 87

[Text] Nicaraguan President Commander Daniel Ortega Saavedra yesterday reiterated that the time has come for the U.S. President to meet with the Nicaraguan revolutionary government for talks and to normalize relations between the two countries. The Nicaraguan president reiterated his request while welcoming the nine foreign ministers of the Permanent Committee of the Nonaligned Movement who are meeting in Managua.

[Begin Ortega recording] The Latin American countries, the Contadora and Support Groups, and the international community in general have supported the Guatemala agreement. They support and respect it. However, the U.S. President is not recognizing the agreement. He is trying to ignore it. In fact, in yet another action to counter the will of the Central American presidents who have urged countries which are supporting the unconventional forces to stop doing that, the U.S. President insists in supporting the mercenary groups which attack our people. President Reagan is currently meeting with well-known criminals and with Colonel Enrique Bermudez, a former officer of the Somoza National Guard. Col. Bermudez is the head of the criminal operations conducted by the mercenary bands.

With this sort of action, the U.S. Government is being disrespectful to the Gautemalan agreement and is not contributing to peace. Again, we urge the U.S. Government and the U.S. President to reflect and assume a constructive stance and stop supporting these mercenary groups and to allow reconciliation and peace in Central America. We urge President Reagan to abide by the ruling issued by the International Court of Justice and immediately stop the direct, indirect, or covert support to the mercenary forces. We inmvite him to begin a dialogue. Nicaragua is prepared to begin new dialogue with the United States.

There is a positive precedent for that. We met in Manzanillo a few years ago in a search for peace. We believe that now is the appropriate time to begin the direct dialogue between Nicaragua and the United States without any conditions to normalize the situation. [end recording]

DELEGATES FOR RECONCILIATION COMMISSION SELECTED

PA212121 Managua Domestic Service in Spanish 0300 GMT 21 Aug 87

[Text] This evening, the National Commission of Opposition Political Parties [Comision Nacional de Partidos Politicos de Oposicion] selected its list of candidates for the National Reconciliation Commission to be officially presented to President Daniel Ortega at 1000 tomorrow. Those selected by the National Commission of Opposition Political Parties are: Virgilio Godoy of the Independent Liberal Party, PLI; Erick Ramirez of the Social Christian Party, PSC; and Maneul Matos Tejeira of Social Democratic Party, PSD. The National Commission of Opposition Political Parties appointed Eli Altamirano to inform local and foreign press of the selection. Altamirano noted that the candidates will not be representing their parties; they will represent the National Commission of Opposition Political Parties.

Those on the list were selected at the offices of the Central American Unionist Party, PUCA, by representatives of nine parties, including UCA [not further identified] who acted as mediator. The parties that did not attend the selection were the Democratic Conservative Party of Nicaragua and the Revolutionary Workers Party.

Obando Willing to Cooperate

PA220139 Managua Radio Sandino in Spanish 1200 GMT 21 Aug 87

[Text] Cardinal Miguel Obando y Bravo is willing to cooperate with the National Reconciliation Commission. Yesterday the cardinal expressed satisfaction with being elected a member of the Catholic hierarchy slate. He suggested that the Reagan government's financing of the Somozist mercenaries be discussed by that commission:

[Begin recording in progress] [Obando] ...it includes Msgr Salvador Shaeffer, bishop of Bluefields, who is here with me....

[Reporter interrupting] Who else?

[Obando] There is Msgr Bosco Vivas, and I will see if I can be of service.

[Reporter] What is your position on the Guatemala agreements?

[Obando] Well, that will be analyzed by the commission once it is established. We have only selected our slate. The government will have to select a bishop and once the commission is installed, it will carry out an in-depth study of these issues. I do not know who will be on the commission.

[Reporter] Cardinal Obando, what criteria were followed to select the....

[Obando interrupting] We are so disciplined that we reach an agreement and then proceed to vote. We are disciplined people and have no problems in this area.

[Reporter] What mechanisms did you use?

[Obando] As usual, we used the secret ballot. We have a good understanding and we used the secret ballot system.

[Reporter] What is the meaning of the funds being requested by President Reagan [for the contras] regarding this peace effort, Monsignor?

[Obando] I believe the commission, which will be tasked with achieving reconciliation, will have to analyze this issue. Let us wait until the commission is established. I do not know if I will be in that commission. Let us wait until it is established.

For the time being, I can only tell you that the Nicarguan Bishops Conference selected a slate.

[Reporter] [Question indistinct]

[Obando] I am a disciplined person and as soon as I accept my brothers' [word indistinct], we would have to accept that.

[Reporter] What conclusions have you drawn from the Guatemala document?

[Obando] We have not studied the document at all. [end recording]

Leaders Criticize Commission

PA211812 [Editorial Report] Managua Radio Sandino in Spanish at 1200 GMT on 21 August broadcasts two reports on a news conference in which two political leaders criticize a selection of a slate of candidates to participate in the National Reconciliation Commission made yesterday by the so-called bloc of six parties.

Mauricio Diaz, leader of the Popular Social Christian Party, PPSC, states that "the selection made by the six political parties was imposed in violation of the Esquipulas agreement," because the slate of candidates selected by the member-parties of the [Ramiro Sacasa Guerrero] Democratic Coordinating Board, the PLI [Independent Liberal Party], and the Communist Party of Nicaragua "disregard the other legitimate forces."

He says there is no willingness to select a slate genuinely representative of the political opposition, and that his party, the PPSC, is withdrawing from meetings to select candidates, because of the sectarian and negative attitude of certain parties, especially those comprising the Democratic Coordinating Board.

Diaz claims the bloc of six charges that the other five parties are participating in government-sponsored projects are slanderous and aim to discredit parties represented in the Assembly. He believes all 11 parties should make the selection.

Meanwhile, Dr Gustavo Tablada, leader of the Nicaraguan Socialist Party, states that despite proposals to meet in inappropriate places, "our four parties, through a commission comprised of Comrade Isidro Tellez and myself, decided to submit a counterproposal to those political parties" to have all 11 legally established parties select the slate of candidates for presentation to President Ortega.

Tablada says he is expecting a final reply from the bloc of six parties, which displayed an arrogant attitude upon receiving their proposal. He concludes by saying his party's actions are to ensure Nicaraguan compliance with summit agreements.

ELECTORAL TRIBUNAL NOTE TO DELVALLE URGES CHANGES

PA211919 Panama City CRITICA in Spanish 20 Aug 87 pp 16, 19

[Text] Justice Yolanda de Rodriguez, Electoral Tribunal president, said in a note addressed to the president that the modification of the electoral code would considerably improve the guidelines regulating the Panamanian voting system.

Rodriguez also informed President Eric Arturo Delvalle that "any movement in that direction must be accompanied by the provision of sufficient resources to allow the Electoral Tribunal to fulfill such a praiseworthy goal."

Justice Rodriguez' note refers to President Delvalle's suggestion regarding "the advantages of revising and updating the electoral code prior to the beginning of the 1989 electoral process, scheduled for November 1988."

According to Rodriguez, among the proposed reforms are the organization of the Single People's Registry [Registro Unico de las Personas], which will gather and computerize each individual's vital statistics from birth to death." [quotation marks as published].

The note adds that "this process will call for an intensification of activities at the Civil Registry and identification card offices, the registration of political parties, and technological improvements, which can only be executed if the Electoral Tribunal is supplied with the funds it has requested several times."

In conclusion, the note warns that "to avoid turning the citizen's hopes for improved electoral laws into illusory dreams, the Electoral Tribunal -- protecting its own prestige and that of the government you preside over in such a dignified manner -- should secure, along with its offers to talk with the existing political parties and those in the process of formation, the means to respond to the material demands that are essential for a happy ending."

GEN NORIEGA ORDERS RELEASE OF ARRESTED STUDENTS

PA211337 Panama City CRITICA in Spanish 21 Aug 87 pp 1, 26

[Unattributed report: "Students Released"]

[Text] By order of General Manuel Antonio Noriega, all the secondary school and university students who were arrested during the disturbances in various parts of the capital were released.

The commander in chief of the Defense Forces ordered the students' release for the good of peace and to prevent any pretext for future protests.

The student disturbances began early yesterday morning when students of the National Institute high school took to the streets to protest. In the afternoon, university students also staged demonstrations which were controlled by the police.

The arrested students were released in the afternoon when normalcy returned to the city.

'DOZENS OF STUDENTS' WOUNDED IN 22 AUG CLASH

PA220330 Mexico City XHTV Television in Spanish 0233 GMT 22 Aug 87

[Text] In Panama City, dozens of students were wounded today during an antigovernment demonstration. Units of the riot control police fired bullets and tear gas at the demonstrators. One doctor reported he had treated several students who had bullet wounds.

There have been various demonstrations against General Manuel Antonio Noriega since June. The chief of the Panamanian Defense Forces is accused of corruption, electoral fraud, and political assassination. Two students began an indefinite hunger strike today in the Don Bosco Church to protest the Panamanian Government's repression.

EDITORIAL COMPARES CIVIC CRUSADE TO NAZI MOVEMENT

PA212335 Panama City CRITICA in Spanish 21 Aug 87 p 1

[Editorial: "Epilogue of Betrayal"]

[Text] Human wickedness continues from generation to generation and repeats itself in each life cycle like an inherited trait as if to remind us of what low levels some people can reach because of their frustrations and ambitions.

The news media have begun publishing reports that the opposition -- now turned into turncoats -- has begun the desperate and inhuman task of recruiting primary and secondary school students to form a so-called "Civic Youth Crusade." This reminds us of Adolf Hitler's crime. When he decided to commit suicide, Hitler left the defense of Berlin in the hands of the "Hitler Youths," made up of children less than 13 years old. This was his heritage to the decimated German people.

This is the way Hitler wrote the last chapter of the German troops' defeat. Now, the traitors and unpatriotic Panamanians are artfully using children to write the last chapter in their history of wickedness, cowardice, sedition, and destabilization efforts.

Like the "Mobile Courts" of Hitler's feared SS troops, who sentenced children suspected of terrorism to hang, the enemies of the legally established government in Panama are hiding behind children, intimidating and deceiving them with offers and promises, to maintain the chaos they are promoting, get somebody killed and use him as a martyr.

Hitler ordered Berlin be defended by 500,000 people, whom he called soldiers. Actually, they were children and elderly people who were coerced and deceived by fanatical Nazi members of the Charlemagne Division. Panama's enemies want to reach power and to destroy our growing democracy with children. Like the rightist and racist German fascists, they want to sacrifice our nation's reserves -- its children -- to quench their boundless greed for power and their wickedness.

We bring to the attention of our country's conscientious men and women that these criminals are desperately trying to conceal their failures and the people's repudiation of their coup attempts. They are the same as the extreme rightist Nazi who brought the Holocaust in World War II.

Arias Calderon, Zuniga, Barria, Mallol, Mendez Villarreal, Vallarino, Alarcon, and other "Crusade members" are identical to Hitler's lieutenants. All they want is to destroy our nation at all costs, even if this involves endangering young Panamanians.

These cowards and traitors, who go into hiding and do not dare show their faces, are hiding behind innocent, impetuous young people looking for excitement. They are using these young people with wealth obtained by exploiting the people.

We warn parents that they will be solely responsible for whatever happens to children by allowing them to be used by individuals who are only trying to gain power through the tragedy of innocent people.

The crime committed by Adolf Hitler's fascist rightwing must not be allowed in Panama.

BRIEFS

DEPUTY MINISTER RESIGNS -- Alicio Rivera, deputy minister for government and justice, has resigned. His resignation will be effective 1 September 1987. The minister said he will now devote his time and evergy to work for his people in the Legislative Assembly. [Summary] [Panama City Televisora Nacional in Spanish 0000 GMT 18 Aug 87 PA]

NEW ISRAELI AMBASSADOR -- Reuven Ben-Eliezer has been appointed as the Israeli ambassador to Panama to replace Sha'ul Gariv. [Excerpt] [Panama City CRITICA in Spanish 14 Aug 87 p 12 PA]

ALFONSIN VIEWS LABOR, FOREIGN DEBT ISSUES

PY212328 Buenos Aires Domestic Service in Spanish 1600 GMT 21 Aug 87

[Excerpts] This morning President Raul Alfonsin confirmed that public utility companies will be opened to private capital, thereby ending the state control heretofore in force. Regarding other national issues, Alfonsin described the approach on wage issues adopted by the Group of 15 -- as opposed to that adopted by the CGT [General Confederation of Labor] -- as very serious. Alfonsin also termed the agreement to refinance the foreign debt that will be signed today in the United States as very important.

Alfonsin made these comments early today before departing from Buenos Aires to La Pampa Province. Reporter Silvina Martinez Porta was at the Jorge Newbery Metropolitan Airport. Good afternoon, Silvina.

[Begin recording (Silvina) Good afternoon, Daniel. In fact, today President Alfonsin said he preferred that the CGT join the justicialist electoral campaign and occupy a rostrum rather than create more conflicts. Unexpectedly, Alfonsin also publicly supported the Group of 15. The president made these comments at the metropolitan airport before departing for La Pampa Province. [passage omitted]

In conclusion, Dr Alfonsin gave his opinion about the signing of an important document on the foreign debt in the United States.

[Alfonsin] I think we have obtained a very interesting rescheduling of our debt. As far as I know, this is the best arrangement that has been achieved thus far regarding the foreign debt issue. However, there is still a long way to go. The issue still isn't being handled the way we want it to be, as we have repeatedly said. I think we are more interested in convincing the people abroad than agitating the people at home.

During a speech I made at the ILO, I said that, to a great extent, Latin America has already paid its debt considering the high interest rates it has paid. We have now achieved this breakthrough. This is a substantial, important step that gives us peace of mind. When I was inaugurated half the foreign debt was due in 6 months. Now, there is a moratorium until 1992. I think this is very important. However, we must continue working. I think this is also the result of our efforts at the Cartagena meeting. [end recording]

SOURROUILLE COMMENTS ON AGREEMENT WITH BANKS

PY220053 Buenos Aires TELAM in Spanish 2210 GMT 21 Aug 87

[Text] Buenos Aires, 21 Aug (TELAM) -- Agreements between Argentina and the commercial banks, related to the 1987 financial program involving $34 billion, were today signed in New York.

The Economy Ministry said the agreement is a necessary and important land mark in the reorganization of the Argentine foreign debt.

The refinancing of the debt covers $30 billion, which includes the total bank debt that was contracted before 1982, and the loans that were contracted in order to pay the interests after 1982. The amortization deadline was fixed at 19 years, which include 7 years of grace, and was structured in such a way that 55 percent of the maturity date will be paid after the year 2,000.

In order to finance the interest payments of the current year, an agreement was reached by which the commercial banks will provide $1.95 billion to be repaid over 12 years with 5 years grace. Contracts were also signed renewing commercial credits for $1 billion, and interbank loans for Argentine financial organizations abroad for $1.2 billion.

The prime rate was eliminated from all contracts and the spread paid on the new agreements was reduced to approximately half, therefore the country will save approximately $300 million annually.

The Economy Ministry indicated that the agreements signed will make it easier to seek stable and definitive solutions to the external and internal structural problems. The funds resulting from the agreement added to the funds obtained from multilateral and government organizations will allow a reduction of the transfer of internal savings abroad and will make possible the financing of new investments in the private and public sectors, which the country needs to consolidate the process for growth.

During the ceremony, held in the Argentine Consulate in New York, marking the occasion of the signing of the agreements, Economy Minister Juan Sourrouille, who headed the Argentine delegation, said the progress made today with these agreements should not make us forget the nature of the problems we are facing. He added: At the same time that we chose the path of responsibility we also pointed out the need to seek a permanent solution to the foreign debt issue in order to make the economic development of our endebted countries a reality. Sourrouille also said he does not believe the passage of time alone added to the implementation of the partial mechanisms could solve the problems we are facing. He added that, in his opinion, facing the situation in this way lacks realism. He said: Unfortunately this is the vision which still prevails and which must be changed to do away with the uncertainty and the paralysis of growth. He added: We are not going to stop seeking constructive, realistic, and lasting formulas until we do away with the anxieties prevailing in the environment surrounding the foreign debt.

Further Comments on Agreement

PY220212 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2130 GMT 21 Aug 87

[Text] Buenos Aires, 21 Aug (NA) -- Economy Minister Juan Sourrouille today said "if we do not find an effective solution to the debt and trade problem the economic recovery will be more difficult." He added: "There is mutual interest in solving this problem, therefore, it is a common task" between creditors and debtor countries. Sourrouille made this statement last night to bankers and officials of multilateral credit organizations in the Park Lane Hotel in New York.

The minister expressed "sincere appreciation" for the support received from the international community saying "I firmly believe we deserved it." He added that "Argentina, as well as many other debtor countries, has made a gigantic effort these years to face the serious crisis of the foreign debt and the effects of other important negative elements of the world economy."

The text of the speech delivered by the econony minister was released this afternoon by the ministry's press office. Sourrouille added that "the problems we are facing have not disappeared. The well-conceived financial programs will have little impact if the conditions of the world economy continue to obstruct the economic recovery of our countries."

In this regard he said "the great efforts we had to make are useless in the face of a world economy growing very slowly." He added that "the prices of basic products have reached the lowest levels of the last 50 years and protectionism continues to obstruct international trade." Sourrouille said "interest rates, a decisive aspect in the burden of the foreign debt, are not only at unusual high levels but have also increased again this year." He said: "If we do not find an effective solution to the foreign debt and trade problems, the economic recovery will be more difficult." Sourrouille added: "In the search to find greater factors to give impetus to the world economy there is a tendency to forget that the developing countries, had they not been affected by this crisis, could have been one of the decisive factors" because "our economies could have had a sustained growth and could have become a center for greater sales, investments, and employment for the industrialized countries." He said: "This is why we insist there is a mutual interest in solving this problem; therefore it is a common task."

Regarding the agreements reached today, the minister said they have "new aspects which show clear progress" because "the maturity dates of practically all the country's commerical debts have been put off until after 1992." He said: "We created new mechanisms to expedite the negotiations such as foreign bonds as well as the conversion of the debt into equity. These mechanisms are strong encouragement for new investments of national interest." He added that "this progress was made within the framework of a relatively brief negotiation during which Argentina received the encouragement and support of the international community."

Sourrouille concluded by saying "we are certain they (the 300 international banks) will support our economic growth program which should provide the framework for more just and equitable conditions for development in democracy."

Finance Secretary on Debt

PY211543 Buenos Aires TELAM in Spanish 1210 GMT 21 Aug 87

[Text] Buenos Aires, 21 Aug (TELAM) -- Finance Secretary Mario Brodersohn has stressed that the agreements Argentina is going to sign with its creditor banks can be termed as an agreed moratorium [moratoria concertada] regarding the payment of the foreign debt. Regarding the total foreign debt, he said Argentina will not have to repay the principal for 7 years, and regarding the new money what will be received after the agreements are signed, no principal repayment will have to be made during a 5-year period.

Brodersohn said the difference between that happened to Argentina and Brazil, which unilaterally declared a moratorium thus impairing its position, is that Argentina obtained significant advantages through negotiations. These advantages include a reduction of spreads [preceeding word in English] -- intermediary costs -- which means a yearly savings in interest of approximately $300 million, in other words, approximately 6 percent of the country's total exports. He emphasized the debt conversion program, which will be implemented with the creditor banks after the agreements have been signed. This program will amount to $2 billion, using the 1-for-1 system, in other words, for every $1 of debt that is invested, the banks will provide $1 in new money.

Brodersohn made these remarks during an interview with LA NACION's Washington correspondent, which has been published in today's issue.

PRESIDENT PAZ SUPPORTS EDUCATION MINISTER

PY221255 La Paz La Red Panamericana in Spanish 0000 GMT 22 Aug 87

[Excerpts] President Paz Estenssoro and all his cabinet ministers tonight confirmed their full support for Education Minister Enrique Ipina Melgar. As you know, the Senate has asked him to resign. The president responded by sending a letter, which was addressed to him from his cabinet, to the Congress. Information Minister Herman Antelo revealed the contents of the letter:

[Begin Antelo recording] August 21st, 1987

Honorable Victor Paz Estenssoro, President of the Republic

Your Excellency: As you well know, the honorable Senate has passed an unusual resolution asking for the resignation of Education Minister Enrique Ipina Melgar, because our colleague has not been able to find a "prompt solution" to the teachers strike. Besides the unusual procedure used by the honorable senators, since the resolution does not stem from a previous investigation in the Senate, we consider it our moral duty to stand up in defense of Minister Ipina Melgar, whom we acknowledge to be a tireless defender of education and of the teachers who now censure him. [passage omitted]

With all the respect the honorable Senate deserves, we hereby state that the censure of his work at the ministry, which is full of difficulties, seems to us unfair. We must, therefore, extend our full solidarity to our colleague. This attitude is not the result of arrogance, but of the belief that Minister Ipina is not to be blamed for the present conflict. With our highest regards.

The letter is signed by all ministers of the presidential cabinet. [end recording]

TEACHERS' LEADER WARNS DEMONSTRATIONS TO CONTINUE

PY221356 La Paz La Red Panamericana in Spanish 1130 GMT 22 Aug 87

[Text] There have been further clashes between demonstrating teachers and the police. At approximately 1800 on 21 August there was another clash between rural teachers and the police in Peruz Velasco Plaza.

The rural teachers were trying to start a demonstration by gathering in that downtown area, but were surrounded by police carrying tear gas canisters and using dogs. According to the demonstrators, the police then haughtily asked them to disperse, but the teachers answered that they would not withdraw because they were carrying out a peaceful protest within the framework of a democratic country. The police then launched their tear gas cannisters over the protest of the teachers, who said: The government is to blame for the state of hunger, and it also represses the people.

The demonstration was quickly dispersed, and the police, when asked by Panamericana, said they were carrying out their duty of maintaining public order and preventing the intransigent teachers' demonstrations.

Our station immediately consulted the interior minister about what had happened in the Perez Velasco Plaza, but the only answer we received was a stare and silence from an indifferent person who does not want to listen, or who is not interested. Therefore, regarding yesterday's demonstration, we do not have any official information.

Meanwhile, the urban teachers told Panamericana that the following leaders have been released: Miguel Lora and Oscar Vega. They have accused the interior minister of distorting events, because some days ago the minister stressed that these two teachers were not to be found in the city, and that they were in hiding in order to make people believe they had been detained. Lora also warned that the demonstrations are going to continue, and the teachers will not cease their attempts to have their demands met.

Peasants To Block Roads

PY221435 La Paz La Red Panamericana in Spanish 1130 GMT 22 Aug 87

[Text] According to the Campesinos' Strike Command, peasants in La Paz and throughout the country are going to increase their road blockades, and also plan to stop participating in provincial markets, in order to prevent food from reaching the cities.

At the same time, the Single Trade Union Confederation of Bolivian Peasant Workers [CSUTCB] and agrarian leaders from Omasuyos Province, La Paz Department, have affirmed their decision to fight to the end in defense of free state education.

Military Says No More Roadblocks

PY201613 La Paz La Red Panamericana in Spanish 1130 GMT 20 Aug 87

[Text] The Bolivian Armed Forces will not permit any more roadblocks. In fact, Defense Minister Alfonso Revollo said that, following government orders and seeking to prevent anarchy and chaos, the Armed Forces will not permit any more roadblocks.

Revollo said: We will not permit any more roadblocks or the return of anarchy and chaos. While reporting new roadblocks, Revollo said: It is our duty to guarantee the free movement of vehicles and people, as provided for under the Constitution. He added; There are indications that groups of peasants, supported by radical political parties, are preparing to step up the roadblocks. The defense minister made it clear that the Bolivian Constitution establishes that the Armed Forces must guarantee tranquillity and the free movement of vehicles. He said the government hopes that regrettable events, such as the one in Huatajata, will not occur again. He said he has instructed unit commanders to continue holding talks with the peasants and to guarantee the free movement of vehicles.

Nevertheless, it has been noticed that some groups of peasants have been infiltrated by radical political parties, which caused the Huatajata incident, the defense minister concluded.

Ministers To Propose Solution

PY230351 Madrid EFE in Spanish 0232 GMT 23 Aug 87

[Excerpt] La Paz, 22 Aug (EFE) -- Bolivian President Victor Paz Estenssoro urged his ministers to submit a technical proposal in the next few hours to increase teachers' salaries. Teachers have been holding a national strike for the last 38 days and are preparing to stage a protest march from Oruro to La Paz on 24 August.

Labor organizations of teachers, students, peasants, and workers are preparing to start "the march on defense of education" on Monday. The march will cover the same route that 10,000 mine workers covered in September 1986. The miners march, called "For life and peace," began at Oruro, 239 km south of La Paz, but was thwarted by a military blockade in Calamarca, near La Paz.

The main concern is that the protest march will provoke the Armed Forces to come out of the barracks and onto the roads where three people have already been killed at peasant roadblocks. Peasants are on permanent mobilization in support of teachers.

Paz Estenssoro met with ministers in the areas of foreign affairs, interior, planning, education, labor, information, and finance to convey his concern on the worsening situation of the teachers strike and to inquire on the steps the ministers are taking to find a solution to the conflict. [passage omitted]

POLICE REMOVE BOMB FROM SENATE LIBRARY

PY190541 La Paz PRESENCIA in Spanish 13 Aug 87 p 7

[Text] The police bomb squad yesterday found a bomb inside a briefcase, which unknown individuals placed in the Senate Library. The bomb squad took the bomb to a suitable location and detonated it because defusing it would have been very dangerous.

A phone call warned police that there was a bomb at the Senate, and an investigation was conducted. Initially, the police believed the warning to be a false alarm, but during their search they found the bomb. The official communique released to the press states:

"The office of the departmental police commander wishes to report to the people that at approximately 1800 today the police bomb squad arrived at the Legislative Palace, while sessions were under way, in response to an anonymous phone call reporting a bomb at the Congress. The bomb squad inspected the area and removed a black "James Bond" briefcase from the Senate Library. After examining it, the squad found it contained a powerful bomb, which had to be detonated because trying to defuse it would have been very dangerous."

The departmental police have launched an in-depth investigation and regret the fact that people's physical well-being and peaceful coexistence are threatened by these criminal actions, which create an atmosphere of unease and terrorism.

The communique did not say where the bomb was detonated, or provide any further details.

SARNEY RETURNS, CRITICIZES STRIKE PROMOTERS

PY211338 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 21 Aug 87

[Text] President Jose Sarney returned last night to Brasilia after a 5-day visit to Mexico. Commenting on the general strike called by the CUT [Sole Central Organization of Workers] and the CGT [General Central Organization of Workers], Sarney said it has been demonstrated once again that radical groups do not have the support of the people.

Upon arriving at the Brasilia airbase early this morning, President Sarney attributed to radical groups the responsibility for the general strike staged on Thursday, which was a failure. He added that these groups do not have the support of the people.

[Begin Sarney recording] I think the Brazilian people have once again demonstrated that radical groups who seek this type of political action do not have popular support. It is obvious that in a country as large as Brazil there will always be people who behave this way, but these people will never have any significance at the national decisionmaking level. In my opinion, and this is a widely shared opinion in the country, the Brazilian people have once again demonstrated that they want to work, that they want democratic, not coercive solutions.

This strike, because of the manner in which it was planned, is a coercive measure, not a democratic solution. The Brazilian people know that those who misuse the freedom we enjoy behave in this way. The Brazilian people know this freedom is something special, and it is appreciated only when it is lost. These groups do not know how to use the total freedom the country is enjoying. This is the period of the greatest freedom in Brazil's history. [end recording]

President Sarney added that the government will continue fulfilling its duty as best it can. President Sarney also discussed the success of his visit to Mexico and his stopovers in Trinidad and Tobago, where he met with Prime Minister Arthur Robinson, and in Cali, Colombia, where he met with President Virgilio Barco Vargas.

Regarding his talks with Mexican President Miguel de la Madrid, he stressed Brazil's policy in favor of Latin American integration, and the importance of the meeting to be held in November 1987 by the presidents of the so-called Rio de Janeiro Group of Eight.

At the Brasilia airbase, Sarney was welcomed by Deputy Ulysses Guimaraes, who was acting president during Sarney's absence. Guimaraes transferred power to Sarney. Also present were state governors, ministers, congressmen, and other officials.

Brossard Calls Strike 'Failure'

PY211515 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 21 Aug 87

[Excerpt] According to Justice Minister Paulo Brossard, the general strike was a failure. On assessing the strike movement, he said 241 people were arrested throughout the country.

According to Brossard, the strike was staged against the will of the people and the workers. He added that the country has entered a period of economic recovery, and many workers' organizations opposed the stoppage because they considered it inopportune.

According to Albano Franco, president of the CNI [National Confederation of Industries], yesterday's strike will not prevent representatives of the CGT [General Central Organization of Workers], CUT [Sole Central Organization of Workers] and businessmen from meeting next week. [passage omitted]

Franco added that issues such as daily shift hours, participation in the company's profits, and salaries will be discussed with workers at next week's meeting.

BRESSER ON PUBLIC DEFICIT, FOREIGN DEBT

PY221300 Brasilia Domestic Service in Portuguese 2200 GMT 21 Aug 87

[Text] Finance Minister Bresser Pereira today said in Rio de Janeiro that the government is finding problems in reducing the public deficit to 3.5 percent. He admitted there is pressure from ministers and governors, as well as pressure from aspects of the country's social situation like the need for investment in the power, oil, transportation, and state-run company sectors.

[Begin Bresser Pereira recording] I am also concerned about the public deficit, which is a structural problem of the Brazilian economy that must be solved. One of the key objectives of the macroeconomic plan is the reduction of the public deficit to channel funds toward the private sector. [end recording]

Bresser Pereira added that the price freeze is gradually being made more flexible, to correct the inflationary imbalances caused by costs or by an excess in demand. The minister called upon Brazilian businessmen to behave more responsibly and to realize that the reduction of the inflation rate from 26 to 5 percent must be a gradual process.

Concerning the foreign debt, the minister said Brazil will not rule out the possibility of a symbolic payment to its international creditors as a method for beginning the renegotiation of the debt. According to the minister, the payment of the interest will be ordered if the country increases its reserves by 20 October, which is the deadline that creditors have set for beginning the renegotiation. The minister believes the inflation rate in August will be about 5 percent, in line with government estimates.

Milliet on Reduction of Deficit

PY221328 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 22 Aug 87

[Text] Central Bank President Fernando Milliet has announced more effective cuts in government expenditures to reduce the public deficit. Milliet said it is still possible to reach Finance Minister Bresser Pereira's objective of reducing the public deficit to 3.5 percent of the GDP. To achieve this, Milliet said more effective cuts in government expenditures will be necessary. The central bank president considered excellent the government's idea to hold a meeting next week to discuss the issue.

[Begin Milliet recording] I think the government's idea to meet next week to discuss this issue is excellent. I think controlling the deficit is very difficult, and we have a limited time to do so. Some measures cannot be legally implemented this year. We have made a tremendous effort, although not all these efforts are yielding the expected results. We have already eliminated subsidies on financing rural credits, but current contracts are still contributing to the deficit. Those contracts will remain in effect until the end of the year.

I think the best idea for the government is to begin a campaign to balance the fiscal budget. Thus, this meeting is received with great optimism. [end recording]

Regarding the August inflation rate, Milliet said it looks as if it will remain a little above 5 percent.

SARNEY, DE LA MADRID TO IMPLEMENT 'RED LINE'

PY220329 Sao Paulo FOLHA DE SAO PAULO in Portuguese 21 Aug 87 p 1

[Text] President Jose Sarney and his Mexican counterpart, Miguel de la Madrid, have decided to create a system of mutual support in case creditor banks exert pressure on them. According to Andre Singer, our special correspondent in Mexico City, the agreement foresees the use of a "red line" (referring to the system of direct communication between the United States and the USSR, created in 1963) between the two chiefs of state, so one can contact the other in emergencies. President Sarney ended his visit to Mexico yesterday.

POLICE CHIEF DISCUSSES ANTINARCOTICS STRATEGY

PY191226 Brasilia Domestic Service in Portuguese 2200 GMT 18 Aug 87

[Text] Federal Police Chief Romeu Tuma today said he supports permanent police intervention in the municipality of Floresta, Pernambuco State, to keep tabs on marijuana growers. Floresta is the largest marijuana producing area in the country.

In Recife, Tuma boarded a FAB [Brazilian Air Force] airplane to fly over area where the Federal Police discovered a ranch on which was planted 12 hectares of marijuana. Romeo Tuma said that Sarney's government has been preparing the Federal Police to effectively repress drug trafficking in the country. According to Tuma, the Federal Police Force gives priority to border areas like Floresta. Floresta became known in the 1970's for the manioc scandal involving fraudulent loans from the Banco do Brazil that were intended to finance ficticious manioc plantations.

PINOCHET VOWS TO FIGHT SOCIALISM, AGRARIAN REFORM

PY220234 Santiago Domestic Service in Spanish 2300 GMT 21 Aug 87

[Report from Coihueco by Graciela Contreras]

[Text] President Pinochet said here today he will prevent those seeking to repeat communitarian experiments or to restore an unsuccessful socialist system from destroying the progress we have made in Chile.

Pinochet made this statement during a public ceremony in Coiheuco to mark the town's 100th anniversary. During the ceremony, held at the local parade ground, there were shows by local entertainers and speeches by Raul Martinez, the mayor of Coihueco; and by Toribio Figueroa, president of the Farmers' Association and the local city council.

Addressing the people of Coihueco, Pinochet said:

[Begin recording] We will prevent those seeking to repeat communitarian experiments or to restore an unsuccessful socialist system from destroying the progress we have made throughout these years.

Ladies and gentlemen, our challenge is to continue to promote the good of the majority of the Chilean people by improving their standard of living; that is, by providing all Chilean families with greater well-being. [applause]

Fellow countrymen, you must struggle to build the future of our fatherland. In about a year from today, you will be responsible for making the final decision. If you make a great effort and work hard, if you make the nation steadily improve, you will be able to make the right decision; that is, to say yes to justice, to freedom [words indistinct]. Thank you. [end recording]

In his speech at Coihueco, the main agricultural region of Nucle, Pinochet also commented on demands concerning the redistribution of land. He said these demands follow the same line of thinking that gave rise to the unsuccessful agrarian reform, which generated so much social injustice and brought destruction to Chilean rural sectors. We, Pinochet said, will not take regressive steps.

'DISTURBING SIGNS OF REBELLION' MARK ANNIVERSARY

PA232126 Paris AFP in Spanish 1937 GMT 23 Aug 87

[Text] Santiago, 23 Aug (AFP) -- In the midst of "disturbing signs" of rebellion against his government, President Augusto Pinochet today received the greetings of his closest collaborators on his 14th anniversary as commander in chief of the Chilean Army.

The existence of these signs was mentioned by the deputy commander of the Army, General Santiago Sinclair, during a speech in which he reiterated his loyalty to General Pinochet.

The ceremonies began early when a delegation from the Santiago military garrison went to the president's residence, but the main ceremony was held at the military academy and was attended by the members of the military junta and the cabinet as well as by representatives from the other branches of the Armed Forces.

Pinochet was appointed commander in chief on 23 August 1973 by socialist President Salvador Allende. Three weeks later, he led a military revolt that ousted the leftist government.

When answering the greetings at the military academy, Pinochet said "it has been 14 years since I took over the High Command of this institution, and today I reaffirm with unyielding faith the loyalty of my men."

Gen Sinclair agreed with this statement, but warned that the threat of subversion in Chile "forecasts the reappearance of conditions similar" to those that led to the military revolt of 1973. Sinclair added that there are "disturbing signs of a true separatist rebellion from the basic legal order," which has the purpose of disavowing the authority of the military government. Sinclair's words seemed to refer to the opposition that is promoting "free elections" with more than one candidate to replace Pinochet in the presidency.

On Friday, Pinochet ruled out the elections, and announced that a plebiscite will be held "in about 1 year" for Chileans to voice their opinions on the presidential candidate the Armed Forces High Command will propose.

Sinclair on Current Situation

PA240318 Santiago Television Service in Spanish 0020 GMT 24 Aug 87

[Speech by Lieutenant General Santiago Sinclair, deputy commander in chief of the Chilean Army, during the commemoration of the 14th anniversary as Army commander in chief of General Augusto Pinochet; in Santiago on 23 August -- recorded]

[Excerpts] Today we commemorate the inauguration of General Augusto Pinochet as supreme Army commander. That important date indelibly marked the history of our institution and our fatherland's future. That date became a milestone similar to those that have been guiding our society with unrestrainable strength toward new sources of realization, just as the waters of our rivers, which, guided by nature, become rough and calm down, and rise and descend as they move toward the ocean.

With that date, which we gratefully commemorate today, Chile initiated a very particular and intense vigil that was filled with expectancy as regards a future that seemed uncertain and filled with fears and threats.

We cannot but recall those black days, because to know and analyze those events is to be objectively nourished from experience so as to plan our future, protect the common interests, and announce and denounce danger in time. [passage omitted]

This is how the supreme duty which history clearly marked for the Chilean Army and the national defense institutions began to be fulfilled on the dawn of 11 September 1973. [passage omitted]

Gentlemen: Those were hard days that cost many soldiers their lives, days that demanded extreme and extended sacrifice. Those days will remain alive in our memories because the blood those patriots shed is to be added to the blood shed by those who have fallen recently, cut down by violence and terrorism in the course of their duty.

Every day the people have the sad opportunity to confirm how the Marxist enemy, who is fully active, does his violent work. Backed and financed from abroad and grouped in movements that have even desecrated the names of our heros and distinguished forgers of our Republic, the terrorists have not ceased their struggle against Chile, against its development, progress, well-being, and peace. Enemies and traitors, they have even attempted to take the life of our commander in chief. At that time, five members of the presidential escort were killed while carrying out their duties.

That thwarted assassination attempt uncovered the largest subversive arsenal ever found in the continent. The people behind the arsenal sought to unleash a fratricidal struggle leading to the achievement of their sinister plans of conquest. Not satisfied with these actions, they even committed murder. Having plotted to destroy our homeland, many persist in fostering and justifying violence in all its forms with an eye to forcing us to surrender. Others likewise are making plans for robbery, which they practiced previously; in addition they insist on curbing freedom in every field of human activity to the serious detriment of mankind's rich and manifold creative abilities.

Moreover, a significant number of sectors are showing signs of a rebellion to separate themselves from the fundamental legal order that is sanctioned from the fundamental legal order that is sanctioned by the will of the people. With their stubborn and thoughtless attitude, they also seek to disregard the dignity and authority of the leaders. Their stances appear to be fostered by ideological dogmas that have proven to be incompatible with reality and the painful experiences that have come as a result of those dogmatisms.

In this way, we perceive signs of an attitude that is unwilling to abide by the fundamental requirements of democratic coexistence, the laws of which have been established by the large majority. These trends entail an undermining of the basis of our social integrity, and their propagation dangerously effects the stability of our nation.

All these positions are not only expressed as intellectual proposals but are suggested as specific political goals and are translated into the announcement of specific actions. In this way, an attempt is made to destroy and to bring an untimely conclusion to the plan to restore the institutional order that was disrupted. The idea is to prevent the total completion of this project and to thus prevent the Armed Forces and the forces of order from completing the mission they patriotically assumed on 11 September 1973.

These actions are either propitiated by or serve to contribute to the activities of the Soviet empire and the doctrine that nourishes it. They [not further identified] have not given up their plan to return to those things, the setback of which they have described as merely dialectical within their view of historical materialism. They are redoubling their efforts to once again seize control of our Chilean fatherland -- and this time for good.

It is hard to admit it, but threats and aggression continue, have gained new strength, and are more dangerous. These incidents constitute an indiscernible signal, a non-negotiable commitment, and a warning for all Chileans to reflect on. The situation that results from an objective analysis of all the serious current circumstances I have pointed out, leads us to predict the reappearance of conditions similar to those that gave origin to the first vigil [vigilia].

In view of this perilous situation that poses a threat to the fundamental principles and values of our coexistence, it is necessary for every patriot to react decisively and take up their defense. The future of the fatherland and of each of our children is at stake. Acts of internal disintegration, born out of hegemonic endeavors, individualism, divisions, and sterile analysis do not serve the development and security of the state. Unfortunately, during a fateful period these factors paved the way for Marxism to come to power. Unbelievably, today they are again clearing the way for Marxism. They stubbornly refuse to accept that the fatherland will always be protected by its children who will never give up its defense. It is inadmissible that foreign criteria that overemphasize the sense of what is important should attack or seek to destroy everything that makes up the essence of our nationality and sovereign state. We are soldiers, patriots, and Christians. We must shoulder an inescapable mission and we are deeply committed to its demands. On the other hand, forces and ideals that agree on obtaining the higher and permanent benefits of our society contribute to strengthening the development and security of the nation. In times of threat, these factors must be able to postpone every private interest or aspiration, no matter how legitimate it may be, in order to subordinate them to the unforsakable necessity of protecting the fatherland from the devastating impact of a common evil. Gentlemen, to die for the fatherland one must love it. The oath of loyalty of every soldier to give up his own life for his fatherland is the noblest expression of that love. [passage omitted]

The upright man owes his conduct to his principles, moral training, and knowledge. From the supreme moment when he is consecrated to the fatherland, he more clearly realizes that life is composed of suffering, heroism, combat, submission, effort, and glory. Only surrender without reservation for the sake of a noble cause, together with the stoic perseverance to carry it out can ensure victory.

My General, as this ceremony ends the units will return to their garrisons. They will return to the sanctuaries of their garrisons to continue their vigil for the fatherland. However, in this garrison the memory of the Chilean Army will endure. this Army came to pay the mandatory honors to its commander in chief on occasion of this historic date. Accept the testimony of our loyalty as soldiers that was renewed with unshakable force today before Chile, with God and these banners as witnesses. The fatherland's thousand glories are attached to the pleats of these banners. Thank you.

Network Cancels Coverage

PA231516 Paris AFP in Spanish 1428 GMT 23 Aug 87

[Text] Santiago, Chile, 23 Aug (AFP) -- A national Chilean radio and television network scheduled to cover Sunday's ceremonies commemorating President Augusto Pinochet's 14 years as commander in chief of the Army was unexpectedly canceled. According to official sources, the order came from higher authorities. The broadcast to the country was scheduled for 1200 local. The ceremony was to be broadcast from the Santiago Military Academy. However, the coverage was canceled by the Government Social Communications Agency (DINACOS).

General Pinochet assumed the office of commander in chief of the Army on 23 August 1973, 3 weeks before the military coup d'etat that overthrew the government of Socialist President Salvador Allende.

GOVERNMENT REPEATS BORDER STAND AT OAS MEETING

PA220500 Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 22 Aug 87

[Excerpts] Colombia today reiterated its stand on the border dispute with Venezuela before the OAS Permanent Council in Washington. Carlos Lemus Simons, Colombian ambassador to the OAS, said Colombia is loyal to the principle of respecting and fulfilling international agreements and the rights of other states. He added that Colombia has never entered waters under the jurisdiction of other states. [passage omitted]

After the Colombian diplomat spoke, the Venezuelan OAS ambassador made a speech blaming Colombia. According to Venezuelan Ambassador Edilberto Moreno, Colombia used force to pressure Venezuela's sovereign and free will.

Meanwhile, Venezuela suspended today the state of military alert, but it is keeping patrols along the border area.

LONDONO DESCRIBES 'CAMPAIGN' AGAINST NATION

PA211314 Bogota Inravision Television Cadena 1 in Spanish 0200 GMT 21 Aug 87

[Interview with Foreign Minister Julio Londono by journalist Yamid Amat in Bogota; date not given -- recorded]

[Excerpt] [Passage omitted] [Amat] Politicians, parliamentarians, and newsmen have criticized President Lusinchi's statements, describing them as openly unfriendly, arrogant -- as one paper said -- and discourteous toward the Colombian Government and people. What do you think of President Lusinchi's statements?

[Londono] I will not make any statements on what a president, who deserves respect and consideration in his own country, says. I simply want to point out that it is evident that President Lusinchi's speech included a number of statements that have had a negative effect on some people. However, I will not describe the speech. I respect what a president says in his own country, that is why he is president. I would prefer not to comment on President Lusinchi's statements.

[Amat] You prefer not to describe it?

[Londono] Yes, I prefer not to describe it.

[Amat] However, in your opinion, Mr Minister, does President Lusinchi's speech include serious inaccuracies?

[Londono] Evidently yes. We have already pointed out some of them. It includes many inaccuracies. For example, President Lusinchi implies that no Colombian warship has ever entered the Gulf of Venezuela.

We have stated that that is absolutely inaccurate. He has said some other things, which are not worth discussing. I respect a foreign president very much, and as the foreign minister of a friendly country such as Colombia, I cannot -- as you said -- describe a president's speech.

[Amat] Mr Minister, Colombia referred to the implementation of the treaty of nonaggression and the legal settling of conflicts with Venezuela, which was signed in 1939. Venezuela has refused to appoint its conciliators. What will Colombia do if Venezuela insists on ignoring the treaty?

[Londono] Until now, Colombia has not directly referred to the 1939 treaty. Colombia simply appointed the members of its conciliating commission -- because the 1939 treaty so establishes it -- and suggested that Venezuela appoint the fifth member of that commission. The Venezuelan Government has not appointed the two conciliators established by the treaty, and President Lusinchi confirmed this, because, according to him, the treaty is not applicable, etc.

The Colombian Government is carefully, legally, seriously, and calmly studying the Venezuelan Government's response, and it will adopt the necessary measures in that respect.

[Amat] Mr Minister, this is a slightly more informal question. Why do Venezuelans dislike us?

[Londono] It is a question I have often asked myself. However, I think there have been some people and media that for some years have been disseminating an image in which the Colombian Government, Colombia in general, has taken away territories that legally belonged to them. Those statements perhaps originate in an old treaty or bill: the [Pomo-Michelena] Treaty of 1833, through which the La Guajira area was divided in two parts, and the eastern plains were given to Venezuela.

That treaty was not accepted by the Venezuelan Congress, and a few years later in 1844, General Joaquin Acosta met with Venezuelan Minister Fermin Toro, who completely clarified that they understood the Colombian rights and that they proved that Colombia was fully right.

Therefore, poorly informed people in Venezuela and media manipulation have considered that everything that goes beyond the failed 1833 treaty is a loss for Venezuela. That is not true.

I must point out that I am convinced Venezuelans do not have feelings of hostility toward Colombia. I think the average Venezuelan is a friend of Colombia. He resembles the Colombian regular person. He is a simple, generous, and pleasant person.

The campaign against Colombia is staged by very easily identified people, whom both countries know well.

I do not believe Venezuelans have ill feelings toward Colombia. I believe there is unity and a good relationship between two peoples who have been true brothers, because we have the same blood in the border areas. I believe that that feeling of brotherhood toward Colombia is shared by all Colombians. I believe it is impossible that only a few people can lead us to a rift between two countries that must live, struggle, and suffer together for the rest of our lives.

[Amat] Thank you, Mr Minister, and good luck in your efforts.

[Londono] Thank you.

MINISTER RESIGNS OVER NATIONALIZATION BILL

PA211809 Hamburg DPA in Spanish 1730 GMT 21 Aug 87

[Text] Lima, 21 Aug (DPA) -- LA REPUBLICA, a newspaper of the masses, today reported that Manuel Romero Caro, minister of industry, commerce, tourism, and integration, has irrevocably resigned because of a disagreement with the executive branch's bill to nationalize the private financial system.

The resignation has not been confirmed or denied by President Alan Garcia's government, but it was reported that the resignation has been in the president's hands since 28 July, a date when Garcia completed his 2d year in office and announced the nationalization of 10 banks, 6 financial companies, and 17 private insurance companies.

Minister Romero Caro arrived from the United States yesterday and reiterated that he had resigned. He said he submitted his resignation when the president consulted the cabinet about the measure. The resignation will go into effect once the Senate concludes the debate on the nationalization bill. The bill was already approved by the deputies.

According to LA REPUBLICA, Romero Caro expressed disagreement noting that the nationalization would bring about a withdrawal of investments, particularly in the Peruvian private industry.

Yesterday, Peruvian private businessmen confirmed that they have not been re-investing in Peru since 28 July to protest the nationalization bill and in fear that the government may continue expropriating other production sectors.

JOINT 'UNITED FORCES 87' MANEUVERS CONCLUDE

PA231854 Lima Television Peruana in Spanish 0100 GMT 23 Aug 87

[Excerpt] The combined "United Forces 87" military exercise ended today. Peruvian Armed Forces troops and U.S. Southern Command troops participated in these maneuvers led by the Central National Security Zone command [Commando de La Zona de Seguridad Nacional del Centro]. The main objective of this combined exercise was to train the troops in war operations, stressing the areas of organization, planning, and operation of a joint task force. The maneuvers included airborne, communications, and intelligence operations by ground and air troops.

The soldiers also carried out an extensive civic activity plan in areas including Pisco and Palpa, Ica Department. The soldiers offered medical assistance, distributed medicine, and did some work at several state schools.

"United Forces 87" included war maneuvers aimed at improving the organization and command actions of the military commands and the joint general staff. Modern and highly sophisticated equipment was used, like the so-called David system, which is an automatic digital intruder detector system. The system operates with a video machine that can be used at night as well as during the day. They [not further specified] claim the David system is practically infallible. They claim the David system will pick up what the human eye fails to pick up. [passage omitted]

AFP CITES SUSPENSION OF MILITARY ALERT

PA211528 Paris AFP in Spanish 1451 GMT 21 Aug 87

[Text] Caracas, 21 Aug (AFP) -- Defense Ministry sources today disclosed that the Venezuelan military alert, the confinement of troops to quarters, and the closing of borders, which resulted from the incursion of the Colombian frigate in the Gulf of Venezuela, have been suspended.

These sources added that the special patrol operations by Venezuelan warships in the gulf were suspended. However, the "normal patrol" operations as well as the "routine vigilance" of the border, basically aimed at preventing drug trafficking and contraband, continue.

Also continuing is the search for Colombian Army of National Liberation (ELN) guerrillas who apparently entered the Venezuelan side of the Perija mountain range, 600 km west of Caracas, during the past 72 hours.

The military alert was ordered by President Jaime Lusinchi 5 days after the incursion of the Caldas in the waters of the gulf that Venezuela has long considered under its jurisdiction. However, Colombia argues that this area is pending demarcation.

The frigate withdrew on Monday, followed by the end of Venezuela's alert.

OAS AMBASSADOR REJECTS INTERFERENCE IN DISPUTE

PA220437 Caracas Television Service in Spanish 0000 GMT 22 Aug 87

[Report by Walter Martinez]

[Text] Venezuelan OAS Ambassador Edilberto Moreno has reiterated the Venezuelan position on the gulf incident at an OAS Permanent Council session. In that meeting, called by the Colombian OAS ambassador, Ambassador Moreno reiterated that Venezuela believes the delimitation of territorial waters must be resolved through bilateral discussions.

In response to statements made by Lemus Simons [Colombian OAS ambassador], Ambassador Moreno said he disagreed with Lemus' main points but that he did not want to use the OAS as a forum to express disagreements. Besides clarifying the need to maintain bilateral relations, Moreno made very appropriate comments regarding the surprise with which the Venezuelan Government received the Colombian request to meet at the OAS.

The meeting was held in Washington D.C., where the OAS headquarters is located. There was a climate of expectancy at the OAS. Ambassador Moreno pointed out that the various pending problems between Venezuela and Colombia had not been a threat to peace or good relations between the two countries until the Caldas incident, mainly because neither of the two parties had tried to disturb the other's peaceful exercise of sovereignty.

Moreno added: The Venezuelan Government is convinced it is necessary to keep and strengthen the climate of friendship and harmony that has always existed between our two peoples without irrelevant summonses or annoying interventions of third parties in the various matters of common interest still pending between the two countries.

The Arauca Declaration signed on 14 July 1985 by the Colombian and Venezuelan presidents -- a copy of which was distributed by Ambassador Moreno at the OAS Permanent Council session -- was inspired by a fraternal spirit and an atmosphere of frank and friendly understanding in which the two countries stated the need for bilateral mechanisms to advance in the search for solutions to pending problems, Moreno said.

[Begin Moreno recording] Because we are dealing with a traditional friendship between two sister nations, it was logical to expect that any decision would not be made unilaterally. This request has surprised my government, which is what I said in my speech. [end recording]

Here we have excerpts of the official statement made by Ambassador Moreno at the OAS Permanent Council session.

Moreno said: The delimitation of territorial waters is only one of the pending problems. Moreover, the Venezuelan Government considers it neither the most urgent nor the most important one.

Ambassador Moreno continued: Venezuela has not surrendered to the temptation of resorting to de facto means or to the creation of tense situations to force the sister Republic of Colombia to agree to resolve the various pending problems, which are very important to us. We want to resolve those problems as soon as possible, but that solution does not seem to be too urgent for Colombia.

Ambassador Moreno adds: We have refrained from acting that way not only to be consistent with our traditional peaceful attitude and respect for international legal norms and to maintain the traditional bonds of friendship between our two peoples and governments, but also because we are convinced that de facto means, open or covert threats, attempts to create worthless precedents, and unacceptable pressure are really self-defeating measures. Far from facilitating the achievement of common goals, they would produce a legitimate reaction from the other part, which would reduce the possibilities for a solution to pending problems.

Those were the main points of Ambassador Moreno's statements at the OAS.